PROJECT MANAGEMENT 101 AT WESTON & SAMPSON

MODULE 1 · WEEK 3

PURSUIT ROLES AND THE OPPORTUNITY RECORD

Approximate reading time: 10 minutes

A Go decision starts the proposal development process, which involves multiple parties and simultaneous activities, resulting in a submitted proposal.

This lesson covers four subjects:

- The key Weston & Sampson pursuit roles,
- The procedure for opening and updating an opportunity in Deltek Vantagepoint,
- Weighted labor revenue, the forecast the opportunity record produces, and
- The entries to update after a client conversation.

MODULE 1 PURPOSE AND SCOPE

Module 1 covers the pursuit, the period before a project exists. Participants learn how Weston & Sampson identifies, evaluates, prices, and records an opportunity. They also learn how those decisions affect value for the client and for our firm. Three companies make up Weston & Sampson, and this course addresses the engineering company only.

WHERE THIS FITS

Module 0 · The Business of Weston & Sampson

Module 1 · Project Pursuit

- Week 1 · The Pursuit, from Lead to Award
- Week 2 · The Go/No-Go Decision
- **Week 3 · Pursuit Roles and the Opportunity Record (you are here)**
- Week 4 · The Proposal Kickoff Meeting

Module 2 · Scope

Module 3 · Schedule

Module 4 · Budgeting and Project Economics

Lesson objectives

After completing this lesson, a project manager will be able to:

1. Distinguish Marketing Lead responsibilities from Technical Lead responsibilities, and name the supporting marketing and technical roles.

2. Understand how opportunities are opened in Deltek Vantagepoint, including identification of Stage, Projected Gross Revenue, Other Direct Costs (ODC), win probability, and proposal number.
3. Calculate the weighted labor revenue of an opportunity, and explain how our firm plans staffing and hiring against it.
4. Update the opportunity record after a client conversation, and keep it current every month and at every stage change.

1.3.1 What a Go decision starts

After a Go decision, the Marketing Lead schedules the proposal kickoff meeting. One of the first steps in the pursuit is initial team formation. Below the scored questions, the Go/No-Go form records the eight pursuit information fields covered in Week 2, and those fields name the people and roles that support the proposal going forward.

Remember: A Go decision starts the work of the pursuit and identifies roles that will support and organize that work.

1.3.2 The pursuit roles

Proposal preparation is a team sport at Weston & Sampson. The section below outlines the parties involved in proposal preparation and outlines their responsibilities to the process.

1.3.2.1 The Marketing Lead and the Technical Lead

The Marketing Lead (ML) leads preparation of the proposal package, which includes identifying qualifications, references, and example projects to showcase in the proposal. The ML also ensures that the submission, when packaged for submission, meets the solicitation requirements.

The Technical Lead (TL) leads preparation of technical content. The TL can be a project manager, technical leader, team leader, practice leader, or discipline leader experienced in the project type and familiar with our capabilities. The TL identifies the optimal project team, the approach, the fee, and the schedule.

TWO LEADS, TWO DIFFERENT QUESTIONS

MARKETING LEAD	TECHNICAL LEAD
Owns the proposal package.	Owns the technical content.
Completeness, qualifications, references, example projects, and the requirements of the solicitation.	The project team, the approach, the fee, and the schedule.
ASKS: Does this comply, and does it present us well?	ASKS: Can we perform this work, with this team, for this fee, on this schedule?

Quality assurance is managed jointly. Quality control is performed by a technically experienced reviewer off the team.

Figure 1. The two proposal leads and what each one owns.

The Marketing Lead and the Technical Lead together manage quality assurance, and a technically experienced staff member outside the proposal team performs quality control, independent of the people who prepared the submission.

1.3.2.2 Additional pursuit team roles

Marketing staff prepare the cover letter, the personnel and experience sections, the qualifications, and the forms.

Key marketing roles include the following:

- The Proposal Writer,
- The Marketing Coordinator,
- The Graphics Designer, and
- **The Proposal Manager, who marks the Go on the proposal calendar so our firm can see and manage every proposal in production.**

Three technical roles prepare the approach, the scope, the schedule, and the fee:

- The project manager,
- **The Technical Lead, named on every pursuit with a backup, and**
- **The Risk Manager**, who reviews contract language, terms and conditions, and insurance requirements.

Additional pursuit team roles also include:

- The project Principal, who reviews the proposal before it leaves our firm, and
- The proposal signer, an individual listed on the current Certificate of Vote.

Some of these roles may be shared by one person.

1.3.3 Opening the opportunity in Deltek Vantagepoint

Every opportunity is entered into our system of record, whether the work begins next month or a year from now. Accurate opportunity data is critical to correctly estimating our firm's future revenue, which is a metric our firm uses to evaluate overall company financial health.

1.3.3.1 How the opportunity is created

Someone opens a project opportunity in Vantagepoint. If the pursuit requires marketing support, someone completes the Go/No-Go form in Deltek Vantagepoint, which reaches Marketing after submission. Deltek Vantagepoint then updates the Stage to "Proposal" and creates a promotional project number, linked to the opportunity number, that tracks the pursuit cost.

Four confirmations then follow:

- The opportunity goes on the proposal calendar as a confirmed Go,
- The Marketing Lead registers in the client or portal where required,
- The Marketing Lead sends the contract to Risk Management for review wherever it includes contract language or insurance requirements, and
- The Marketing Lead confirms how the client issues addenda, watches for them, and distributes them to the team.

1.3.3.2 What the record contains

Once created, the opportunity record contains the following information:

- The opportunity name, meaning client name and short title,
- The organization, meaning the Weston & Sampson entity, office and discipline
- The client information,
- The Projected Gross Revenue, including Other Direct Costs (ODC),
- The Estimated Net Labor Revenue, excluding ODC and any markup on them,
- The win probability,
- The key proposal and project dates,
- The assigned staff, if known,
- The Stage,
- Whether to open a proposal number, and
- Any notes to share.

A proposal number tracks the cost of pursuing the work, and one is typically opened for a proposal estimated to require more than eight hours.

AN OPPORTUNITY RECORD AT THE GO DECISION

Opportunity name	Client name followed by a short project title
Client information	The client organization, and the individual who champions the work
Projected Gross Revenue	$250,000
Other direct costs (ODC)	$40,000 (specialty subconsultant, at cost), plus a $6,000 markup
Estimated Net Labor Revenue	$204,000 (excludes ODC and the markup)
Win probability	20 percent
Key dates	Proposal due in three weeks. Selection expected next quarter
Assigned staff	Marketing Lead, Technical Lead, project manager, Principal-in-Charge
Stage	Proposal
Proposal number	Opened. Preparation exceeds eight hours. Promotional project linked
Notes	What the pursuit team knows that the solicitation does not state

Weighted labor revenue at this Stage: $204,000 x 20 percent = $40,800

Figure 2. Example data contained within the opportunity record at the Go decision.

1.3.3.3 Stage and the proposal number

The Stage field records the current state of a pursuit. We use Stage to describe where the proposal sits in its journey from Go/No-Go to Award. The stage names are as follows:

- Lead. An early stage potential project or client, not yet a qualified project with assumed revenue and scope of services. Apply no win probability at this Stage.
- Opportunity. A lead that has been qualified and deemed worth pursuing. An opportunity is a defined project with weighted labor revenue and estimated start and completion dates.
- Proposal. Our firm has recorded a Go decision and is preparing a submission. Set this Stage when the Go/No-Go form is complete and the opportunity has an Estimated Net Labor Revenue and a win probability.
- No-Go. Our firm has declined the pursuit, or the client has selected another firm. Set this Stage as soon as either occurs. An opportunity that is over and still open overstates the revenue projection.
- Cancelled. The client has canceled the work, or the project did not proceed.
- Awarded/Won. The client has selected Weston & Sampson to perform the work (100% probability of win) but the project has not yet been opened.

1.3.4 Weighted labor revenue, the forecast the record produces

As future projects move through the Initiating Process, our confidence that each opportunity will be awarded to us increases or decreases based on what we learn as we approach award. Our firm measures that confidence with a win probability applied first at the Opportunity stage and updated through the Proposal stage.

Each opportunity therefore carries these two figures:

- **Estimated Net Labor Revenue, an opportunity's fee target less other direct costs and any markup on them, and**
- **A win probability,** measured in percent and estimated by the project manager.

These two figures combine to produce weighted labor revenue, the part of Estimated Net Labor Revenue our firm can plan on, calculated as shown below.

Estimated Net Labor Revenue × win probability = weighted labor revenue

A win probability is the project manager's subjective estimate, between 0 and 100 percent, of how likely Weston & Sampson is to convert an opportunity into signed work, and it is affected by many factors including but not limited to:

- Prepositioning,
- Teaming,
- The qualifications of the proposed team,
- The client relationship,
- The competition, and
- Proximity to the work.

The project manager revises the win probability as more information becomes available, at each opportunity stage, and at least monthly, and our firm combines the weighted labor revenue with existing backlog to predict future economic conditions.

> **TIP** Estimate a win probability with care, because weighted labor revenue determines our firm's revenue projection. Update revenue, win probability, and schedule in Deltek Vantagepoint as new information becomes available, every month, and at every stage change.

1.3.4.1 An example

Consider a three-person environmental team that earns approximately $18,000 of Net Labor Revenue per week. The team currently holds $126,000 of existing backlog, the Net Labor Revenue remaining on current contracts. Dividing that backlog by the team's weekly Net Labor Revenue converts it into weeks of work, as shown below.

$126,000 of existing backlog ÷ $18,000 per week = 7 weeks

Weston & Sampson would say this team has “7 weeks of backlog.”

The client then requests that Weston & Sampson submit a proposal for a Phase Two site assessment valued at $180,000. The project manager enters the potential future work as an opportunity with no other direct costs and an Estimated Net Labor Revenue of $180,000. The project manager estimates a 60 percent win probability, which produces the weighted labor revenue shown below.

$180,000 Estimated Net Labor Revenue × 0.60 = $108,000 of weighted labor revenue

Weighted labor revenue for work our firm has not yet won is called future backlog. Dividing this new future backlog by the team's weekly Net Labor Revenue converts it into six additional weeks of future work, as shown below.

$108,000 of weighted labor revenue ÷ $18,000 per week = 6 weeks

Six weeks of future backlog plus seven weeks of existing backlog produce a thirteen-week revenue projection, with six of those weeks dependent on a win probability the project manager estimated, as shown in the figure below.

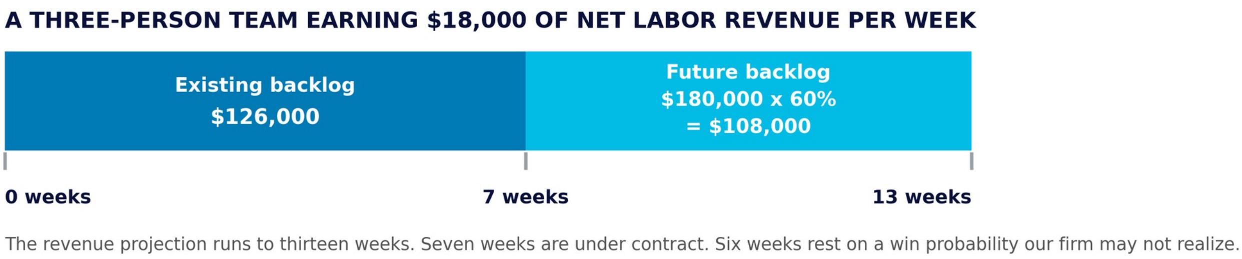

Figure 3. Existing backlog, future backlog, and the revenue projection they produce.

Accurate Estimated Net Labor Revenue and win probabilities sustain our firm’s performance. These critical planning inputs forecast future economic conditions against which we make critical business decisions about individual team staffing levels, workload, scheduling, and whether we hire, hold current staffing, or re-assign people.

Remember: Weighted labor revenue is Estimated Net Labor Revenue multiplied by the win probability. The ODC markup is not multiplied by the win probability, and Weston & Sampson adds only weighted labor revenue to existing backlog to create a composite picture of likely future conditions, and plans staffing and hiring against the total.

1.3.5 Keeping the record current

Update each opportunity record monthly and at every stage change. Keep Estimated Net Labor Revenue, win probability, and start and completion dates current and accurate. Custom Vantagepoint search queries allow a project manager to list every opportunity assigned to them, making open opportunities easy to find and sort.

When pursuit conditions change, update these six Deltek Vantagepoint entries:

1. Stage, which shows where the opportunity stands today,
2. Projected Gross Revenue and Other Direct Costs, if the conversation changed the scope or fee,
3. Win probability,
4. Project Start and completion dates as well as key proposal dates,

5. Assigned Weston & Sampson staff, and
6. Notes on the client's stated outcome, risks, and other parties.

Win probability often changes the most during the pursuit stage and has the greatest influence on an opportunity's value to our firm.

For example, an opportunity with $204,000 in Estimated Net Labor Revenue at a 30 percent win probability produces $61,200 in weighted labor revenue. If new information raises the probability to 55 percent, the weighted labor revenue increases to $112,200, a significant change. A single conversation can uncover the information that justifies that adjustment if the client references any key information that influences our confidence, such as:

1. Client identifies a challenge our firm can solve,
2. Client names a risk our experience removes,
3. Client confirms a budget range that is within our firm's fee target, and
4. Client reveals something the competing firms do not know.

THE OPPORTUNITY RECORD, BEFORE AND AFTER THE CONVERSATION

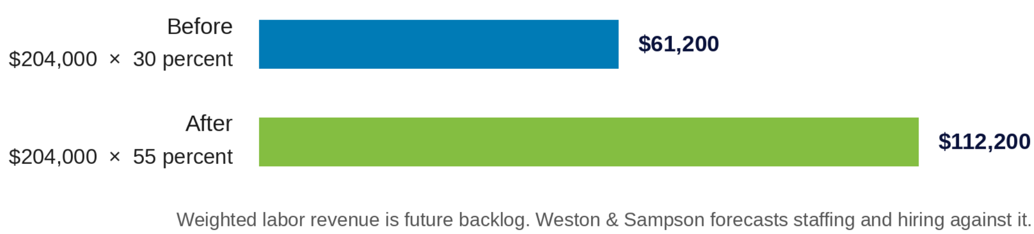

Figure 4. Weighted labor revenue before and after the client conversation, on an opportunity with $204,000 of Estimated Net Labor Revenue.

The weighted labor revenue of each opportunity feeds the future revenue projection. The project start and completion dates place that weighted labor revenue in time, so the backlog forecast shows when the work will occur.

REFLECT You raise a win probability from 30 percent to 55 percent after a pre-proposal conversation. What evidence supports that change, and what does not?

REVEAL Four answers support the change, in that the client named a driver our firm can solve, named a risk our experience removes, confirmed a budget range, and stated something the competing firms do not know. The conduct of the meeting itself supports none of it.

TIP Open Deltek Vantagepoint and find the oldest opportunity your name is tagged to

> and decide whether its win probability and key dates are still accurate.

Remember: An opportunity that no one updates remains in the revenue projection at its last recorded figures. Keep it current to keep our firm’s future revenue picture accurate.

1.3.6 Summary

A Go decision assigns the pursuit team and creates an Opportunity Record in Deltek Vantagepoint that captures the opportunity’s ownership, stage, revenue, win probability, dates, staffing, and proposal requirements. Project managers must update that record whenever conditions change, and at least monthly, because its weighted labor revenue affects firmwide staffing, workload, and hiring decisions.

With the opportunity documented and the pursuit team established, Week 4 explains how the Proposal Kickoff Meeting turns that information into a coordinated plan for developing and submitting the proposal.